

Koninklijke Philips Electronics N.V.

P.O. Box 218 - 5600 MD Eindhoven - The Netherlands

Side Letter to CD-RW Disc Patent License Agreement (Philips-only)

Ref: BB/20070

Date:

Dear ,

Reference is made to the CD-RW Disc Patent License Agreement between [Licensee name] ("Licensee") and Koninklijke Philips Electronics N.V. ("Philips"), dated [...../ of even date] ("the Agreement").

It is hereby confirmed that, for as long as this Side Letter is in force and effect, in lieu of the standard royalty rate of US\$0.06 (six US Dollar cents) and the so called compliance rate of US\$0.045 (four and one half US Dollar cents) as stipulated in Clause 5.2 of the Agreement, a compliant royalty rate of US\$0.025 (two and one half US Dollar cents) may be applied by Licensee on each CD-RW Disc manufactured and sold by Licensee as from October 1, 2007. Provided that, Licensee shall as far as the fourth calendar quarter of 2007 is concerned, be in full compliance with all its obligations under the Agreement as well as this Side Letter by no later than January 31, 2008, and only in as far as the claimed compliance is not contested by Philips. In order for Licensee to benefit from the compliant royalty rate for each of the consecutive calendar quarters to which this Side Letter applies, Licensee must be in full compliance with all of its obligations under the Agreement and this Side Letter. For the avoidance of any doubt we confirm that full compliance includes but is not limited to your company **providing royalty reports and payments on time, complete and correct in every respect as required under the Agreement (with only a one time grace period until January 31, 2008 for the delivery of a complete and correct royalty report for the fourth calendar quarter of 2007).**

In the event that Licensee believes it is eligible for the compliance rate, Licensee shall report and pay royalties in accordance with the compliant royalty rate as provided for above. At any time thereafter Philips may review Licensees' royalty report and payment as well as its compliance



with the additional conditions of this Side Letter. For as long as Licensee does not receive an objection from Philips, Licensee will not have to revise its payment. In the event however that, at any later date, taking into account among other things, where available, market information obtained from independent sources, Philips is not satisfied with Licensee's performance under the Agreement or this Side Letter, Philips will contest the use of the compliance rate and so notify Licensee and Licensee will within thirty (30) days after notification pay up for the difference between the compliance rate and the standard rate as stipulated in Clause 5.2 of the Agreement. Philips' decision to notify Licensee may only be overturned by means of a final determination by Philips' external auditor or competent court, which confirms Licensee's entitlement to the compliance rate in accordance with the terms of this Side Letter.

The Parties confirm and agree that nothing contained in this Side Letter shall be construed as a waiver on the side of Philips to require Licensee to fulfil any and all obligations it has in relation to Philips under the Agreement.

It is further agreed that, in order for Licensee to be eligible to apply the compliant royalty rate, the following additional conditions shall apply:

1. As from January 1, 2008 Licensee shall, before each and every shipment of CD-RW Discs, submit to Philips an application for Philips to certify the licensed status of the CD-RW Discs included in such shipment. Such certification shall take the form of the document issued by Philips that is commonly known as the Licensed Status Confirmation Document ("LSCD") or such other document as Philips may make available in the future.
2. When applying for an LSCD, Licensee shall submit an authentic copy of the following documents:
 - a. the purchase order received by Licensee from its customer;
 - b. the bill of lading containing the shipping details, including but not limited to the port of lading and container numbers (the documents under this subsection b may be submitted after the issuance of the LSCD if such documents are not available before the issuance of the LSCD);
 - c. the "Form A Certificate of Origin" or such other documentary proof of country-of-origin as is satisfactory to Philips;
 - d. a copy of the invoice issued by Licensee to its customer.
3. If Licensee fails to comply with any of its obligations under the Agreement or this Side Letter, the standard royalty rate of US\$0.06 (six US Dollar cents) shall apply to all of Licensee's manufacture and sale of CD-RW Discs instead of the compliant royalty rate of US\$0.025

(two and one half US Dollar cents), with immediate effect from the first day of the reporting period to which the occurrence of non-compliance relates until the first day of the reporting period following written confirmation by Philips to Licensee that Licensee's non-compliance has been remedied in full.

4. The sale or shipment of any CD-RW Disc without a corresponding LSCD issued by Philips shall constitute a material breach of the Agreement and this Side Letter.

5. Notwithstanding the provisions of Clause 11 of the Agreement concerning the Term and Termination of the Agreement, if Licensee fails to comply with any of its obligations under this Side Letter then Philips shall have the right to terminate the Agreement and this Side Letter immediately, by written notice to Licensee. Further, if Licensee is not in full compliance with its obligations under the Agreement or this Side Letter, Philips may refuse to issue further LSCDs to Licensee, and may assert the Licensed Patents against Licensee and any third party in respect of any and all CD-RW Discs not properly covered by an LSCD, or for which the royalties have not been timely paid by Licensee.

6. Notwithstanding the provisions of Clause 11 of the Agreement concerning the Term and Termination of the Agreement, Philips shall have the right to terminate the Agreement immediately, by written notice to Licensee, if any information provided by Licensee to Philips pursuant to point 2 of this Side Letter or the royalty reports proves to be false, untrue or inaccurate.

7. Without prejudice to the provisions of point 6 above, this Side Letter will remain in full force and effect until the due date for the reporting and payment of the first calendar quarter of 2008 or until the end of the calendar quarter during which Philips will make generally available a VEEZA type of agreement providing for a license per shipment of CD-RW Discs, whichever comes first.

8. The Parties confirm and agree that any CD-RW Disc shipped by Licensee without being properly covered by an LSCD, will be regarded as unlicensed.

9. Licensee acknowledges and agrees that Philips reserves all rights including rights to allege patent infringement in relation to any CD-RW Discs manufactured by Licensee (i) sold to directly or indirectly, offered for sale by or imported by, to or through (a) Imation Corp., a Delaware Corporation, having a place of business at 1 Imation Place, Oakdale, MN 55128 or (b) any of Imation Corp.'s associated companies (including but not limited to, any divisions, subsidiaries, majority owned companies and minority owned companies, and any entities owning, owned by or controlled by any of the foregoing entities), or (c) any distributors or agents of any kind of Imation Corp. or any of its associated companies, located anywhere in the world (Imation Corp., any such associated company, and any such distributor or agent hereafter collectively referred to as "Imation") and (ii) any CD-RW Discs for which Imation has claimed or may hereafter claim the benefit of any patent license Agreement with Philips. The aforementioned CD-RW Discs under (i) and (ii) are hereinafter referred to as "the Excluded Discs".

Excluded Discs shall not be licensed and Licensee shall so inform Imation in connection with the sale or transfer of any such Excluded Disc.

Nothing herein shall be interpreted as either prohibiting or permitting sales of Excluded Discs by Licensee. However, in view of a dispute between Philips and Imation, Licensee shall not be required to request a LSCD for any Excluded Discs as in accordance with this Side Letter and the failure to obtain the LSCD for Excluded Discs shall not be considered a breach of this Side Letter and the Agreement; provided, however, that any Excluded Discs transferred to a third party by Licensee without a LSCD is not licensed under any Philips patent by virtue of the Agreement, implication, estoppel or otherwise.

Licensee agrees to provide Philips an Exceptions Report, within thirty days after the end of each calendar quarter, setting forth all sales of Excluded Discs for which LSCD were not obtained by Licensee, listing at least the name of the buyer, quantity, shipping date and brand or other trademarks used on the Excluded Discs.

While Licensee is not required to obtain an LSCD for Excluded Discs, Licensee may at its discretion apply for and obtain an LSCD, and if granted by Philips in accordance with this Side Letter, Philips shall invoice and Licensee shall pay the royalties due under the Agreement.

Notwithstanding the foregoing, nothing herein shall prevent Philips from notifying any downstream customer of infringement or of enforcing any Philips' patent against Imation, Licensee or any downstream customer, arising out of the importation, use, offer for sale or sale of any Excluded Disc not covered by an LSCD.

Save as explicitly varied by means of this Side Letter, all provisions of the Agreement, including without limitation, the applicability of the standard royalty of US\$ 0.06 (six US Dollar cents) in accordance with the provisions of Clause 5.2, shall remain in full force and effect.

Please confirm your agreement with the above by signing both copies of this Side Letter and returning these to us. This letter will then also serve as your application for the arrangements described herein. Thank you for your cooperation.

Sincerely yours,

Koninklijke Philips Electronics N.V. Agreed for and on behalf of
[Licensee]

Name:
Title:

Name:
Title: